

REMARKS FOR ADMINISTRATOR BOLDEN
NATIONAL CONTRACT MANAGEMENT ASSOCIATION
GOVERNMENT CONTRACT MANAGEMENT SYMPOSIUM

Nov. 19, 2013

Thank you for inviting me to your gathering and for giving me this opportunity to share my vision of the future from my little corner of the government, NASA, with people who share my enthusiasm for making government work more effectively.

NASA researchers and test facilities have made improvements in aviation and space technologies for decades. Right now we're playing a key role in the discovery, testing, and development of core tools and technologies to realize the Next Generation Air Transportation System or NextGen.

We're helping facilitate a new commercial space transportation industry and developing and building the technologies to take our astronauts farther into the solar system -- to places we've never been – and rewriting textbooks with the next generation of science missions.

The hard work of our procurement professionals has been essential to the many successes we've had, and their skills will continue to be critical as we pursue new ways of doing business, new efficiencies, and new directions that will give us new capabilities for exploration.

As you no doubt know, the past several years have been a time of transition for NASA as we retired our 30-year flagship program, the Space Shuttle, after its amazing life and many proud accomplishments and milestones.

But it was time for us to get out of the business of owning the infrastructure to reach low Earth orbit when industry was rapidly developing the capabilities to do that. As we hand access to LEO off to industry, NASA can focus on the bigger picture and do those things that no one else can right now.

There's no doubt that we'll build on the shuttle's legacy. One reason our procurement people are so important is for continuity. We don't just start over from scratch when a program ends. A lot of shuttle legacy systems will be re-used in early testing for the new rocket that will carry astronauts beyond low Earth orbit. Our procurement specialists will help us continue and evolve the work we've been doing where it makes sense and help us to compete work in new areas.

This year we completed the preliminary design review for the Space Launch System, the rocket that will once again carry astronauts to deep space.

We also completed a mission formulation review for a mission to send astronauts to an asteroid by 2025. You'll continue to see big picture projects like these calling for proposals and information and needing the tight contracting that will make it possible to achieve these things on time and on schedule.

Our industry partners are meeting milestones and making steady progress so that we will again have the capability to launch astronauts from American soil. Our concept in these new partnerships is fairly straightforward, but innovative for government. NASA will pay for completed milestones but the companies determine how they want to reach their goals. The end result is a new capability for the nation that NASA but also other government agencies, industry and academia can potentially use.

Right now, we have two American companies, SpaceX and Orbital Sciences, who are capable of resupplying the International Space Station with cargo. SpaceX is already doing contracted missions for us, and Orbital will begin soon. This was made possible through our Commercial Orbital Transportation Services program, or COTS. The unique structure of the COTS initiative, under which NASA's technical expertise, experienced human spaceflight workforce, and well-honed safety operations standards provided the overall framework, enabled our commercial partners to innovate and take the taxpayers' investment to space and end the outsourcing of this work to other nations.

NASA and its Commercial Crew Program partners also are working to develop the next generation of U.S. spacecraft and rockets capable of transporting humans to and from low-Earth orbit from American soil within the next four years.

Today, the agency will issue a final Request for Proposals for the new Commercial Crew Transportation Capability (CCtCap) contract, designed to ensure commercial companies meet NASA's safety requirements for transporting NASA crews to the space station. This procurement phase is expected to include crewed demonstration missions to the space station before 2017.

This is very exciting! It not only advances NASA's goals by enabling us to focus on the larger destinations such as an asteroid and Mars that are probably out of reach of any single company, but it spurs American ingenuity and creates jobs, and will continue to do so.

Just last week I had an opportunity to get inside our *Orion* crew module, the actual vehicle that will be flown on a flight test next year to simulate reentry from a lunar mission. That's the big picture I was talking about.

We're focusing on the systems to go farther into the solar system and living and working in space for the long term. We blazed a trail to low Earth orbit as well as suborbital flight -- that area slightly lower, where a lot of rockets go with brief experiments in microgravity. Now, many people are taking their shot at innovating and becoming part of this new sector of the economy.

At the same time as all this is taking place, we're upgrading our Kennedy Space Center in Florida and making it more flexible so that it can accommodate a wider range of users and we can win back some of the launch business we've lost overseas. The Mid-Atlantic Regional Spaceport, or MARS, is now open for business on Virginia's Eastern Shore and has already launched a rocket bearing a satellite to the moon and the Orbital *Antares* mission carrying their *Cygnus* cargo module to the space station.

NASA also continues our world class, cutting edge science.

Yesterday we launched MAVEN to study the upper atmosphere of Mars. We're learning more and more about the Red Planet in preparation for a human mission there in the 2030s. The *Juno* spacecraft is on its way to Jupiter, and is scheduled to arrive in 2016. *New Horizons* is headed for Pluto. *MESSENGER* has been sending unprecedented data from Mercury that is just beginning to be analyzed. We're working with Japan on the Global Precipitation Measurement (GPM) mission to launch next year as part of an international network of satellites that provide the next-generation global observations of rain and snow.

The James Webb Space Telescope (JWST), now in development, will be the successor to the Hubble Space Telescope and the most powerful space telescope ever built. It's one of our top priorities and is scheduled for a 2018 launch.

We're also advancing aeronautics research, in partnership with other agencies, to create a safer, more environmentally friendly and efficient air travel network called NextGen.

President Obama has given NASA a Mission with a capital "M" -- to focus again on the big picture of exploration and the crucial research and development that will be required for us to move beyond low Earth orbit. He's charged us with carrying out the inspiring missions that only NASA can do, which will take us farther than we've ever been – to an asteroid and ultimately that human mission to Mars.

The president is asking us to harness that American spirit of innovation, the drive to solve problems and create capabilities that is so embedded in our story and has led us to the moon, to great observatories and to humans living and working in space, possibly indefinitely.

I'm asking our procurement workforce to reduce procurement transaction costs through efficient contracting practices. After all, more than 80% of NASA's budget flows out through the procurement process. With a constrained budget and a challenging mission to perform, this initiative needs to be an agency priority.

Some areas where inefficiencies can drive cost include:

- The use of full tradeoff source selections where simpler procedures can achieve the same result with fewer resources.
- Overly complex source selection evaluation criteria can cause Source Evaluation Boards to spend far too much time evaluating areas that are not meaningful discriminators between proposals.

These situations also drive higher company bid and proposal costs when responding to NASA solicitations, further increasing government costs.

Other inefficiencies include:

- The use of single award task order contracts that require multiple task order solicitations and proposals where a core statement of work can be used instead;
- Use of award fee provisions that require significant administration and do not effectively provide incentives for contractors to be efficient, where a fixed or incentive fee structure can be used;

- Incremental funding actions and subsequent de-obligation actions that consume resources and preclude taking advantage of the efficiencies inherent in fully funded or phased contracts; and
- Individual commodity or license purchases that can be more efficiently acquired through a more strategic approach to market research and procurement.

These are only a handful of opportunities we need to explore. I realize that these are challenging areas to change, but the fact that the underlying processes drive up costs to the government and industry is undisputed. In many cases the return on our investment may never be clearly understood or realized.

However, again, that big figure -- more than 80% -- of NASA's annual budget is dependent on the procurement process.

So we must make every effort to ensure NASA can do more with the resources we have while maintaining the integrity of the procurement process and ensuring sound stewardship of the taxpayer's dollar.

In 2012, we awarded over 45,000 actions with obligations of almost \$16.5 billion. The majority of these instruments are contracts. About 70% of contract obligations are Cost type contracts based on our high-risk requirements.

NASA is known for doing things that have never been done before. By definition that means high risk. To support these high-risk missions, NASA has implemented a new strategic acquisition process.

The agency changed its acquisition process from a one-tiered to a three-tiered approach. This involves decision makers earlier and covers the broadest strategic concepts of a mission down to the practical procurement approach. At each level, issues can be raised and approaches can be adjusted. I'm not going to go into the entire process in detail, but Bill McNally, my head of Procurement is here, and he can tell you all the detail you want.

Executing affordable, world-class missions requires contracts that are high-risk for NASA and for industry. They can only be developed when both sides have a thorough understanding of the technical requirements. NASA must establish credible cost estimates and sufficient life-cycle budgets to meet mission objectives, which can be extremely difficult when building unique technology.

NASA's Vendor Communication Plan calls for early, constructive communication with industry, including small businesses and new businesses. This will enable NASA do to more with less, improve the health of our aerospace industrial base, and advance the United States' capabilities and systems for space exploration. This is vital for the development of new vendors and partners as NASA focuses on innovations to acquisition approaches, requirements, specifications, and management processes.

NASA is committed to a transparent acquisition process, while ensuring the protection of vendors' confidential information and the federal government's source selection information.

With unique missions, technical challenges can arise and approaches may need to change, but we have to be vigilant about controlling costs. A key way we do that is through strong program management, the right tools and processes and well-trained people who can make the hard decisions when necessary.

There will be new opportunities to work together with all sizes of partners as NASA takes its next big leap into deep space exploration.

It's easy to forget that all of the dollars we spend to get to space are spent here on Earth. That may seem obvious, but when you're talking about spacecraft hurtling millions of miles away into the solar system or even 400 miles above us like the Hubble Space Telescope, we must remember that it's people who designed and operate them, people on projects that were established through contracts and procurement.

America needs to remain the leader in space exploration. The capabilities we are developing for those bigger missions with humans and robots, the expanded commercial access to space – all of this will only strengthen our position as the world's space exploration leader.

All of you in this room are helping us work out the agreements that make such lofty goals possible across government. At NASA, Bill and his people make it possible for us to bend steel, build spacecraft and actually launch people into orbit.

I'm very grateful for the hard work you do. Together, we're helping government not only serve the people, but also surprise and inspire them with the quality of the things our nation can achieve. As the richest, most powerful nation in the world, we have an obligation to lead and at NASA we are dedicated to continue doing so.

Thank you.